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ABSTRACT

Consumer education can be defined as "a study of intelligent and effective methods of buying and using goods and services, competent money management, and the relationship of the consumer to the economy, the workplace, and the home." An important role of government is providing the individual with information so that the individual can exercise the option of choice provided by our system of government. On the Federal level, consumer education cuts across all departmental and agency lines. As a result of the Education Act of 1972, the Federal Government became involved in consumer education. Most junior and senior high schools today offer some courses in consumer economics as part of the home economics program or as part of marketing education, business education, or social studies. However, these programs are funded by a much larger percentage of state and local funds than Federal funds. The challenge today is to get consumer information to the people who need it the most, including those who are disadvantaged or illiterate. Efforts should be made to use television, outreach programs, newspapers, and basic education courses as vehicles to bring consumer education to a larger proportion of the population, especially to those who need it the most. Officials at the national level encourage activities to support strong private and voluntary activity and partnerships for consumer education. (KC)

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CONSUMERS SHOULD KNOW

PRESENTED TO
THE NATIONAL CONSUMERS' WEEK '85 FORUM
SPONSORED BY
THE OFFICE OF THE SPECIAL ADVISER TO THE PRESIDENT
FOR CONSUMER AFFAIRS

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WASHINGTON, D.C.
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It is a pleasure for me to address the Forum as we kick off National Consumers' Week '85. I particularly want to thank Virginia Knauer for giving me this opportunity to share some of my thoughts on consumer education from the government perspective and to thank her for her exemplary leadership through the years. This is a most timely topic, which, in fact, relates directly to President Reagan's economic goals. As you know, continued economic revitilization and strengthening this nation's capacity to become more productive and competitive are of paramount importance to this Administration. I believe consumer education has a significant role to play here since economic vitality is tied to a highly skilled and motivated work force and to individuals and families who know how to use their resources wisely and effectively.

As an educator, I must deal first with the question of definition. Just what is consumer education? There are as many definitions of consumer education as there are groups having an interest in it. It is known by many designations:

- personal finance

- personal economics

- MONEY MANAGEMENT

- MANAGEMENT OF RESOURCES

AND THERE ARE, OF COURSE, OTHERS, ALL OF WHICH ARE CLOSELY RELATED, IF NOT THE SAME. FOR MY PURPOSE HERE, I WILL USE THE DEFINITION FROM THE DICTIONARY OF EDUCATION:

> " CONSUMER EDUCATION IS A STUDY OF INTELLIGENT AND EFFECTIVE METHODS OF BUYING AND USING GOODS AND SERVICES, COMPETENT MONEY MANAGEMENT AND THE RELATIONSHIP OF THE CONSUMER TO THE ECONOMY, THE WORKPLACE AND THE HOME."

ON A BROADER LEVEL I SEE CONSUMER EDUCATION AS INCORPORATING TWO BASIC CONCEPTS - THE "CONSUMER" WHO IS THE INDIVIDUAL AND "EDUCATION" WHICH IS EDUCATION IN ITS PUREST FORM, THAT IS "INFORMATION."

AN IMPORTANT ROLE OF GOVERNMENT IS PROVIDING THE INDIVIDUAL WITH INFORMATION SO THAT THE INDIVIDUAL CAN EXERCISE THE OPTION OF CHOICE PROVIDED BY OUR SYSTEM OF GOVERNMENT. PEOPLE WILL THEN KNOW WHAT TO LOOK FOR WHEN READING FOOD LABELS, IN LEARNING HOW TO COPE WITH MEDICAL COSTS, OR IN ASSESSING THE COST OF OWNING AND OPERATING AN AUTOMOBILE.

On the Federal level, consumer education cuts across all departmental and agency lines. As an example of interagency communications, my office, in cooperation with Terry Scanlon of the Consumer Protection Safety Board, is seeking to find channels through which to disseminate information on choosing safe toys for children.

The Consumer Information Center of the General Services Administration distributes a catalogue of over 200 publications on topics of interest to consumers. The publications are written by over 35 participating Federal offices, including the Department of Education.

As a result of the Education Act of 1972, the Federal government became involved in consumer education. The Office of Consumer Education was responsible for making grants to, and contracts with:

- institutions of higher education;

- State and local education agencies; and

- other nonprofit public and private agencies, organizations, and institutions.

THESE GRANTS AND CONTRACTS WERE TO

- DEVELOP CURRICULUM;

- DISSEMINATE INFORMATION RELATING TO THE CURRICULUM; AND

- CONDUCT PRESERVICE AND INSERVICE TRAINING PROJECTS FOR EDUCATIONAL PERSONNEL TO TEACH CONSUMER EDUCATION.

THE EDUCATION CONSOLIDATION ACT TRANSFERRED THE PROGRAM TO BLOCK GRANTS FOR FUNDS TO BE DISTRIBUTED DIRECTLY TO THE STATES. THE STATES NOW DETERMINE HOW THESE DOLLARS ARE SPENT AND SIMPLY REPORT THESE EXPENDITURES TO THE OFFICE OF ELEMENTARY AND SECONDARY EDUCATION. THOSE OF YOU WHO ARE STATE ADVOCATES, PLEASE TAKE NOTE!

TODAY, NEARLY 75% OF THE APPROXIMATELY 10 MILLLION YOUTHS AND ADULTS PARTICIPATING IN SECONDARY VOCATIONAL EDUCATION ARE RECEIVING SOME FORM OF CONSUMER EDUCATION AS DEVELOPED AND IMPLEMENTED THROUGH FEDERALLY FUNDED PROGRAMS. THESE PROGRAMS ARE PRESENTLY SUPPORTED BY $31.6 MILLION OF FEDERAL FUNDS EACH YEAR FOR SCHOOL YEARS 1982 -1986. OF ALL JUNIOR AND SENIOR HIGH SCHOOLS, 97% OFFER ONE OR MORE SPECIALIZED CONSUMER PROGRAMS IN HOME ECONOMICS COURSES, AND MORE THAN

THREE-FOURTHS OF THE SENIOR HIGH SCHOOLS REPORT THAT THEY OFFER SOME COURSES TREATING CONSUMER EDUCATION IN MARKETING EDUCATION, BUSINESS EDUCATION, AND SOCIAL STUDIES.

THE DEPARTMENT OF EDUCATION'S CURRENT INVOLVEMENT IN CONSUMER EDUCATION IS DELINEATED IN THE NEW CARL D. PERKINS VOCATIONAL EDUCATION ACT OF 1984. THIS ACT PROVIDES FOR FINANCIAL SUPPORT FOR CONSUMER AND HOMEMAKER EDUCATION PROGRAMS IN THE STATES. THE STATES, HOWEVER, DETERMINE WHAT THESE PROGRAMS ARE, WITH THE STIPULATION THAT AT LEAST ONE THIRD OF FEDERAL FUNDS FOR THIS PURPOSE BE USED FOR PERSONS IN ECONOMICALLY DEPRESSED AREAS OR AREAS WITH HIGH RATES OF UNEMPLOYMENT TO ASSIST CONSUMERS TO IMPROVE THEIR HOME ENVIRONMENTS AND QUALITY OF LIFE.

IN FY 1982 (1981-82) OUTLAYS FOR CONSUMER AND HOMEMAKER EDUCATION WERE:

TOTAL	$559,034,000
FEDERAL	31,600,000
STATE/LOCAL	527,434,000
FEDERAL- NONFEDERAL RATIO	1 TO 16.6

20 - 25 % GOES TO CONSUMER EDUCATION FOR CURRICULUM DEVELOPMENT, TEACHER TRAINING, PROGRAM IMPROVEMENT, ETC. AND AMOUNTS TO

TOTAL	$111,806,800
FEDERAL	6,320,000
STATE/LOCAL	105,486,800

THESE STATISTICS SHOW THAT CONSUMER EDUCATION IS FUNDED PRIMARILY BY STATE AND LOCAL MONIES.

SOME INTERESTING HIGHLIGHTS OF PROGRAMS FUNDED BY PAST AND CURRENT LEGISLATION INCLUDE:

- IN THE PAST 4 YEARS WE ESTIMATE THAT OVER 70% OF SCHOOLS INCLUDED THE RELATIONSHIP OF THE CONSUMER TO THE ECONOMY IN THEIR CURRICULUMS.

- IN MANY STATES, PROGRAMS ARE DESIGNED TO REACH OUT INTO THE COMMUNITY TO ASSIST OLDER CITIZENS. THESE CONSUMER EDUCATION PROGRAMS MAY INCLUDE SETTING UP A BOOTH IN A BUSY SHOPPING CENTER OR HOUSING COMPLEX, COLLECTING CONSUMER CONCERNS AND QUESTIONS, AND THEN ANALYZING THESE CONCERNS AND QUESTIONS IN CLASSES.

ANSWERS AND SUGGESTIONS ARE DISSEMINATED TO THE PUBLIC VIA MAIL OR TELEPHONE.

- MANY COMMUNITIES ACROSS THE U.S. HAVE DEVELOPED CONSUMER EDUCATION RESOURCE LIBRARIES WHICH MAY BE LOCATED IN A SCHOOL SETTING, A PUBLIC HOUSING UNIT, OR A MOBILE INSTRUCTIONAL LABORATORY TO WHICH TEACHERS, YOUTH AND ADULTS ALL HAVE ACCESS. ALSO, SOME STATES HAVE ESTABLISHED STATEWIDE RESOURCE CENTERS FOR CONSUMER EDUCATION SERVICES.

- IN OREGON, PORTLAND COMMUNITY COLLEGE OFFERED EXTENSION COURSES IN CONSUMER EDUCATION AND LIFE SKILLS TO 1,709 FAMILIES IN RURAL FARMING COMMUNITIES, ISOLATED MOUNTAIN TOWNS, AND 50 MIGRANT LABOR CAMPS. PARTICIPANTS LEARNED HOW TO USE MONEY WISELY, USE ENERGY EFFICIENTLY, USE FOOD STAMPS EFFECTIVELY, READ AND UNDERSTAND CONTRACTS, AND APPLY FOR JOBS IN DIFFERENT WAYS.

THE OFFICE OF VOCATIONAL AND ADULT EDUCATION IS PROUD OF THESE ACCOMPLISHMENTS, BUT AS YOU KNOW, THE ISSUES OF CONSUMER EDUCATION ARE MUCH BROADER. CONSUMER EDUCATION SHOULD ALSO BE INCORPORATED EQUALLY INTO ACADEMIC AND VOCATIONAL COURSES, INTO BUSINESS AND AGRICULTURE, AS WELL AS SOCIAL STUDIES AND MATH.

In terms of education, the Federal government's role is certainly not to mandate what will be taught in consumer education, but to serve in a catalytic role to heighten awareness, to identify exemplary programs, to gather data, and to disseminate information so that States and local entities can serve the specific needs of their populations. The Federal government is the junior partner: only 8% of funding for vocational education comes from the Federal government, whereas 92% comes from State and local sources.

We need an informed public. Yet, the major challenge facing consumer education is getting the necessary information to the populations who need it. Since we must bring the information to the grassroots level, the State and local governments can and should play a very key role. The agencies who serve the largest portion of the public need to identify effective methods of communicating with the populations they serve. The agencies must examine the needs and create an appropriate system to convey the information. This is a challenge of communication.

I mentioned the helpful publications available through the Consumer Information Center. But consider these questions: How are the brochures disseminated? Do people who need the information receive them? Do they

READ THEM OR CAN THEY READ THEM? IF WE PUBLISH A LIST OF AVAILABLE BROCHURES, WILL THEY BE ORDERED? IS THE COST A PROBLEM? IF WE HAVE FOREIGN-BORN LIMITED ENGLISH SPEAKING POPULATIONS IN A PARTICULAR STATE OR CITY, DO WE PROVIDE CONSUMER INFORMATION IN THEIR NATIVE LANGUAGES? VERY OFTEN THE INDIVIDUALS WHO NEED THE INFORMATION ARE NOT AWARE THAT IT EXISTS AND DO NOT SEEK THE ASSISTANCE AVAILABLE TO THEM.

THESE QUESTIONS NEED TO BE EXAMINED FROM A REALISTIC STANDPOINT. LET'S ALSO THINK ABOUT USING NEWSPAPERS AS A METHOD OF CONVEYING INFORMATION. WHO READS NEWSPAPERS? IF THEY ARE READ, WHAT CONTENT IS SELECTED FOR READING? AND HOW MANY <u>FUNCTIONAL ILLITERATES</u> ARE THERE WHO CANNOT COMPREHEND AT ALL?

ONE ENTITY WHICH TOUCHES A LARGE SEGMENT OF THE POPULATION IS THE PUBLIC SCHOOL. MANY SCHOOLS OFFER COURSES IN CONSUMER EDUCATION. HOWEVER, WITH A SHIFT IN EMPHASIS TO THE "BASICS" IN EDUCATION, ALONG WITH BUDGET CUTS, THESE COURSES ARE BEING SCRUTINIZED VERY CAREFULLY.. I PROPOSE THAT TEACHING UNITS ON CONSUMER EDUCATION IN ALL COURSES IS A VERY VIABLE OPTION. THE EXISTING COURSE CONTENT CAN EASILY BE ADJUSTED TO INCLUDE PERTINENT INFORMATION FOR CONSUMER USE. ONE COMMON ACTIVITY NOW USED IN SOME SCHOOLS IS THE USE OF NEWSPAPERS AS A TEACHING TOOL. THE PURPOSE OF THIS

ACTIVITY CAN BE TWO-FOLD. ONE, TO ENCOURAGE BROADER USE OF THE NEWSPAPER AND DEVELOP A BETTER UNDERSTANDING OF THE IMPORTANCE OF READING IT, AND THE SECOND, TO IMPROVE READING SKILLS. AT THE SAME TIME, WE CAN PROMOTE CONSUMER INFORMATION FOUND IN NEWSPAPERS WHILE ACCOMPLISHING THE OTHER TWO PURPOSES. MATHEMATICS COURSES CAN EMPHASIZE CONSUMER MATH IN CALCULATING COSTS OF VARIOUS PRODUCTS. VIRTUALLY ALL EDUCATIONAL PROGRAMS CAN OFFER SOME FORM OF CONSUMER INFORMATION.

AGAIN, I PROPOSE THAT IT IS NOT THE RESPONSIBILITY OF ANY ONE SINGLE GROUP TO EDUCATE CONSUMERS, BUT RATHER A COMBINED RESPONSIBILITY OF ALL PUBLIC AGENCIES. A VIABLE METHOD FOR COMMUNICATING WITH THE PUBLIC COULD BE THROUGH PARTNERSHIPS AMONG BUSINESS, INDUSTRY, LABOR, AND EDUCATION. AS YOU KNOW, PRESIDENT REAGAN HAS EMPHASIZED PARTNERSHIPS WITH THE PRIVATE SECTOR. AGENCIES CAN IDENTIFY NETWORKS OR GROUPS IN THEIR RESPECTIVE LOCATIONS AND OFFER ASSISTANCE IN PROVIDING INFORMATION TO THEIR MEMBERSHIPS. INTER-AGENCY AGREEMENTS COULD BE MADE TO PROVIDE AN EXCHANGE OF CONSUMER INFORMATION.

SINCE TELEVISION HAS BECOME SUCH AN IMPORTANT MEDIUM, GOVERNMENT AT ALL LEVELS SHOULD BETTER UTILIZE EDUCATIONAL TV, VIDEO TAPES, INFORMATION VANS AND PUBLIC SERVICE ANNOUNCEMENTS TO CONVEY OUR MESSAGE.

CONSUMER EDUCATION IS A UNIQUE DISCIPLINE. CONSUMER EDUCATION REQUIRES CRITICAL THINKING. ALTHOUGH IT IS NOT A NEW CONCEPT, TODAY IT IS AN EXTREMELY IMPORTANT EDUCATIONAL ACTIVITY! YOU AS ADVOCATES HAVE BEEN WORKING ON DEVELOPING THIS KIND OF EDUCATION FOR MANY YEARS, AND YOU WILL CONTINUE TO DO SO, REGARDLESS OF WHAT FEDERAL, STATE, OR LOCAL GOVERNMENT DOES.

WE AT THE NATIONAL LEVEL ENCOURAGE YOUR ACTIVITIES; WE SUPPORT STRONG PRIVATE AND VOLUNTARY ACTIVITY AND PARTNERSHIPS FOR CONSUMER EDUCATION. OUR SOCIETY IS MOST CONCERNED WITH THE RIGHTS OF THE INDIVIDUAL, AND WE BELIEVE THAT THROUGH EDUCATION, EACH INDIVIDUAL IS BETTER PREPARED TO TAKE RESPONSIBILITY FOR HIS OR HER WELL-BEING. THIS IS MORE APT TO HAPPEN WITH A SOLID FOUNDATION IN CONSUMER EDUCATION.